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C O N F I D E N T I A L PARAMARIBO 000766

SIPDIS

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TAGS: [EFIN](#) [ECON](#) [ETRD](#) [PREL](#) [NS](#)

SUBJECT: RESOLVING SURINAME'S DEBTS

REFS: A. PARAMARIBO 684

1B. PARAMARIBO 514

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11. (C) The Governor of the Central bank is embarrassed by the debt owed to the USG and would like to find a way to clear the books. See action request at para 6. End Summary.

12. (C) The widely respected Governor of Suriname's Central Bank, Andre Telting, sought the Ambassador out at a dinner hosted by President Venetiaan on November 24, the eve of Suriname's Independence Day.

13. (C) Telting said he was deeply embarrassed by the fact that Suriname owed the USG money and that arrears and penalties were regularly increasing the size of the debt. He noted that debt came up again in the just completed IMF Article IV consultations. Observing that the recent creation of a government debt bureau lodged in the Ministry of Finance effectively meant that he didn't call all the shots on rescheduling, he expressed desire to resolve issues with the USG. (See reftel A for background). (Note: Telting continues to wield tremendous influence and Embassy believes that while he may have been expressing personal views, he has the clout to make them government views. End note).

14. (C) Telting said Suriname had managed to reach an agreement with German Government and was now on track repaying that debt (See reftel B). In a separate conversation, the non-resident German Ambassador confirmed this. He added that the most difficult aspect had been gaining Surinamese Government acceptance of debt which was incurred when there was a default on a commercial transaction which Euler Hermes Kreditversicherung (Hermes), German export credit insurance company made good on. The debt is on the order of five million euro and is being paid off in ten installments over five years. Telting said that some arrears had been forgiven in this case, but the German Ambassador was unable to confirm this.

15. (C) Telting thought the German deal might serve as a model for coming to terms with the American debt. He was focused on GSM incurred debt which he placed at approximately 18 million US dollars, exclusive of penalties. (The Embassy's most recent information put this at:

PL-480: Balance in arrears totals US\$8,750,583. This balance is comprised of: US\$ 5,593,446 in Principal Outstanding, plus US\$ 2,321,658 in Interest, plus US\$ 835,479 in Late Interest.

General Sales Manager (GSM) Export Credit Guarantee: Balance in arrears totals US\$ 26,698,670. This balance is comprised of: US\$ 13,997,064 in Principal Outstanding, plus US\$ 1,032,777 in Interest, plus US\$ 11,668,829 in Late Interest.

16. (C) Telting said he believes that were the USG to offer to discuss the debt, either in Washington, or by sending a team to Suriname, such an offer would be well received and there would be a serious commitment by Suriname to agree to a payment schedule. GOS has made occasional inquiries about a debt for nature swap program and Embassy has forwarded information which indicates that existence of arrears and lack of IMF program renders Suriname ineligible. Telting's approach would appear to indicate a more serious interest in trying to find a solution. Suriname has an interest in putting its financial house in order. Debt to US comes up in each Article IV consultation. Further this outstanding debt and that to Brazil and Spanish Banks will no doubt complicate Suriname's efforts to obtain financing for several projects in the early planning stages. Thus, it appears that Suriname has the incentive to put its financial house in order. Indeed, this has been one of Telting's primary goals during his current tenure at the Bank. Given Suriname's apparent interest in dealing with its US debt, Embassy requests guidance on a response to the GOS. Embassy believes any response should provide detailed information on options which might be available to GOS to resolve this matter.

17. (C) The Embassy request that it be provided text of an invitation inviting GOS officials to Washington to discuss rescheduling of the debt, or that Embassy be authorized to offer a visit by Washington officials for discussion.

BARNES

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